

## Message Text

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ACTION ARA-14

INFO OCT-01 ISO-00 AID-05 CIAE-00 COME-00 EB-07 FRB-03

INR-07 NSAE-00 USIA-06 XMB-02 OPIC-03 SP-02

LAB-04 EPG-02 SIL-01 OMB-01 NSC-05 SS-15 STR-04

CEA-01 H-01 /084 W

-----100557Z 009784 /13

R 092356Z JUN 77

FM AMEMBASSY MEXICO

TO SECSTATE WASHDC 2738

INFO TREASURY WASHDC

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STATE PASS FEDERAL RESERVE

E.O. 11652: N/A

TAGS: EGEN, ECRP, BEXP, MX

SUBJECT: MAY PRICE INDICES

1. BEGIN SUMMARY. BANK OF MEXICO HAS RATHER QUIETLY RELEASED ITS MAY PRICE INDICES. CONSUMER PRICES WERE UP 0.9 PERCENT. THIS IS FIRST TIME SINCE THE DEVALUATION THAT A MONTHLY INCREASE HAS BEEN LESS THAN 1 PERCENT. END SUMMARY.

2. NATIONAL CONSUMER PRICE INDEX FOR MAY WAS 280.5, UP 0.9 PERCENT FROM APRIL, 9.9 PERCENT FROM DECEMBER, 1976, AND 31.4 PERCENT FROM MAY, 1976.

3. MEXICO CITY CONSUMER PRICE INDEX IN MAY WAS 275.8, ALSO UP 0.9 PERCENT FROM APRIL, 10.9 FROM DECEMBER, AND 27.4 PERCENT FROM MAY, 1976.

4. THIS REPRESENTS A SIGNIFICANT BREAKTHROUGH FOR THE GOM'S ANTI-INFLATION EFFORTS. THEIR TARGET FOR THE SECOND

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HALF OF THE YEAR HAS BEEN AN AVERAGE MONTHLY INCREASE OF THE CONSUMER PRICE INDEX OF NO MORE THAN ONE PERCENT. THE RELATIVELY LOW INCREASE IN THE INDEX IN MAY IS DUE IN LARGE PART TO THE GOM'S EFFORTS TO KEEP FOOD PRICES DOWN IN MEXICO CITY. IN THIS REGARD IT APPEARS THAT THE GOM IS PUTTING PRESSURE ON THE MAJOR CHAINS OF FOOD STORES. MEXICO CITY FOOD PRICE INDEX ROSE ONLY 0.2 PERCENT IN

MAY. ANOTHER FACTOR WAS THE ABSENCE OF ANY NEEDED INCREASES IN PUBLIC SECTOR PRICES.

5. THE MEXICO CITY WHOLESALE PRICE INDEX INCREASED 2.2 PERCENT IN MAY TO 499.7. THIS IS A 11.5 PERCENT INCREASE OVER DECEMBER, 1976, AND 50.8 PERCENT OVER MAY, 1976. IT SHOULD BE NOTED THAT THE WHOLESALE PRICE INDEX IS NOT CONSIDERED VERY RELIABLE IN PART BECAUSE IT IS SAID TO BE HEAVILY INFLUENCED BY IMPORTED GOODS AND IN PART BECAUSE OF ITS BASE YEAR, 1954.

6. THE ABILITY OF THE GOM TO MAINTAIN CONSUMER PRICE INCREASES AT 1 PERCENT A MONTH OR LESS DEPENDS ON CONTINUED RESTRAINT ON PUBLIC SECTOR SPENDING AND CONTINUED RESTRAINT ON THE PART OF LABOR UNIONS. BOTH ARE UNCERTAIN.THOMPSON

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## Message Attributes

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**Capture Date:** 01-Jan-1994 12:00:00 am  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** PRICE DATA, BANKS  
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**Decaption Date:** 01-Jan-1960 12:00:00 am  
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**Disposition Approved on Date:**  
**Disposition Case Number:** n/a  
**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 22 May 2009  
**Disposition Event:**  
**Disposition History:** n/a  
**Disposition Reason:**  
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**Enclosure:** n/a  
**Executive Order:** N/A  
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**Original Classification:** LIMITED OFFICIAL USE  
**Original Handling Restrictions:** n/a  
**Original Previous Classification:** n/a  
**Original Previous Handling Restrictions:** n/a  
**Page Count:** 2  
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**Type:** TE  
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**Review Markings:**  
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